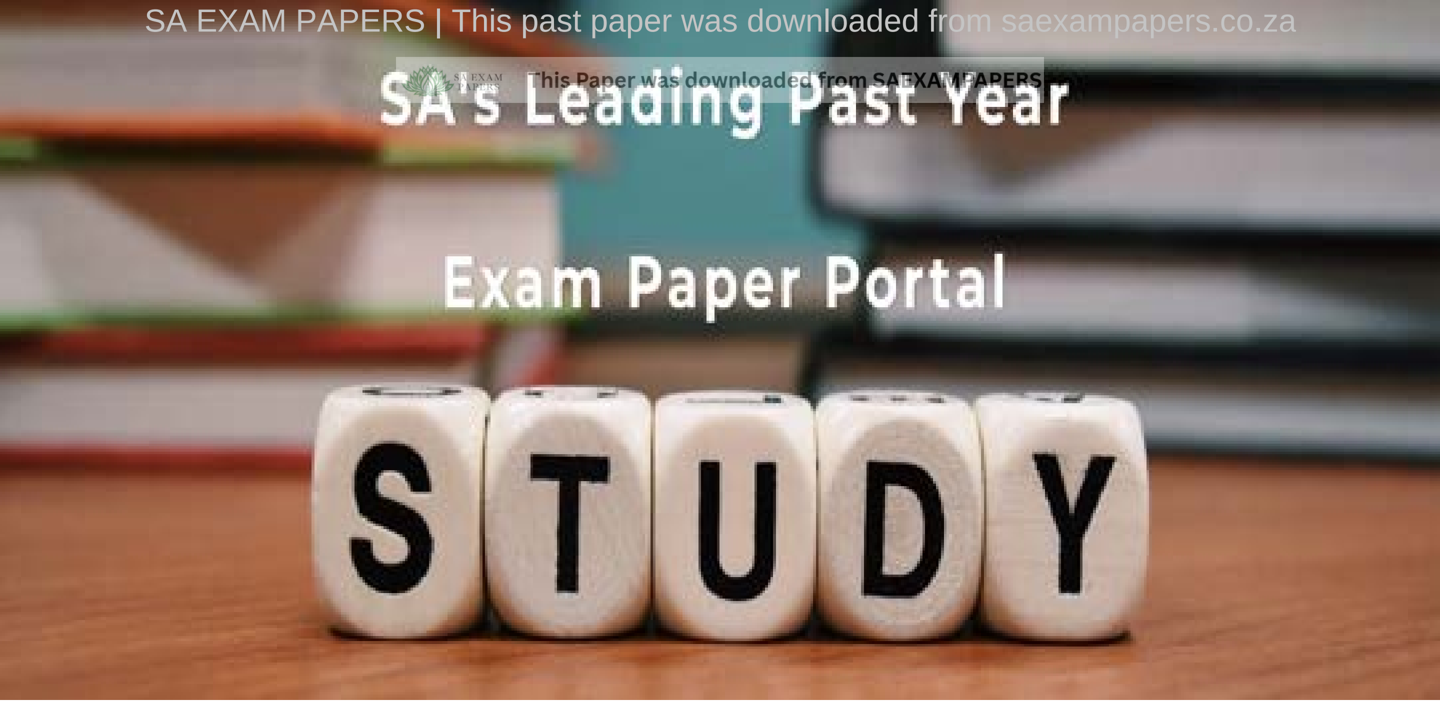
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STUDY

KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P1

PREPARATORY EXAMINATION

SEPTEMBER 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 14 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows:
   - SECTION A: COMPULSORY
   - SECTION B: Answer any TWO questions from this section.
   - SECTION C: Answer any ONE question from this section

2. Number the answers correctly according to the numbering system used in this question paper.

3. Write the number of each question above each answer.

4. Read the questions carefully and start EACH question on a new page.

5. Leave at least ONE line between subsections of each question.

6. Start each question on a new page.

7. Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

8. Answer ONLY the required number of questions. Answers in excess of the required number will NOT be marked.

9. Use ONLY blue or black ink.

10. Non-programmable pocket calculators may be used.

11. Write legibly and present your work neatly.

SECTION A: (COMPULSORY) **30 MARKS – 20 MINUTES**

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1 to 1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 The final price paid by consumers for goods and services is known as … price.

A market
B basic
C factor
D goods

1.1.2 The removal of unnecessary restrictions by legislation is known as …

A regulation.
B deregulation.
C decentralisation.
D Centralization

1.1.3 The increase in the value of the currency due to market forces is called …

A depreciation.
B revaluation.
C appreciation
D devaluation.

1.1.4 The market engaged in buying and selling of foreign currencies is called a/an … market.

A foreign exchange
B international
C product
D factor

1.1.5 The probable number of years that a person will live after birth is known as …

A Population growth
B child mortality
C under –six mortality
D life expectancy

1.1.6 The policy which aimed to increase employment, promote economic growth and redistribute income is known as …

A Reconstruction and Development Programme.
B New Growth Path
C Growth Employment and Redistribution Policy.
D Joint Initiative on Priority Skills Acquisition.

1.1.7 The world interaction and interfacing of economies with trade as the main element is known as …

A nationalisation.
B globalisation.
C privatisation.
D industrialisation.

1.1.8 A trade protocol where countries allow free movement of factors of production between member countries is called …

A economic union.
B customs union.
C free trade area.
D common market.

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches the term in COLUMN A. Write only the letter (A – I) next to the question number (1.2.1 –1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Leakages	A An organisation that provides financial assistance to countries with ongoing balance of payments problems
1.2.2 Moral suasion	B An amount of money that is available for households to spend
1.2.3 Free riders	C The established code of procedure or behavior in any group or organization
1.2.4 International Monetary Fund	D Increase in the production of goods and services
1.2.5 Sanctions	E An individual who enjoys the benefit of a good without paying for it
1.2.6 Economic growth.	F A penalty applied by one or more countries on another country
1.2.7 Disposable income	G Persuasion of banks by the SARB to offer credit responsibly
1.2.8 Trade Protocol	H A withdrawal of money from the circular flow.
	I Measured by an increase in real GDP per capita

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 Total income earned by the permanent citizens of a country locally and abroad.

1.3.2 A graphical representation of a relationship between tax rates and tax revenue.

1.3.3 People aged between 15 and 64 who are either employed or seeking employment.

1.3.4 The value of a currency is fixed in relation to the value of another currency.

1.3.5 An official state ban on trade or other activities with a particular country.

1.3.6 Fundamental systems and resources that support the functioning of the economy.

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO questions from this section

QUESTION 2: MACROECONOMICS **40 MARKS – 30 MINUTES**

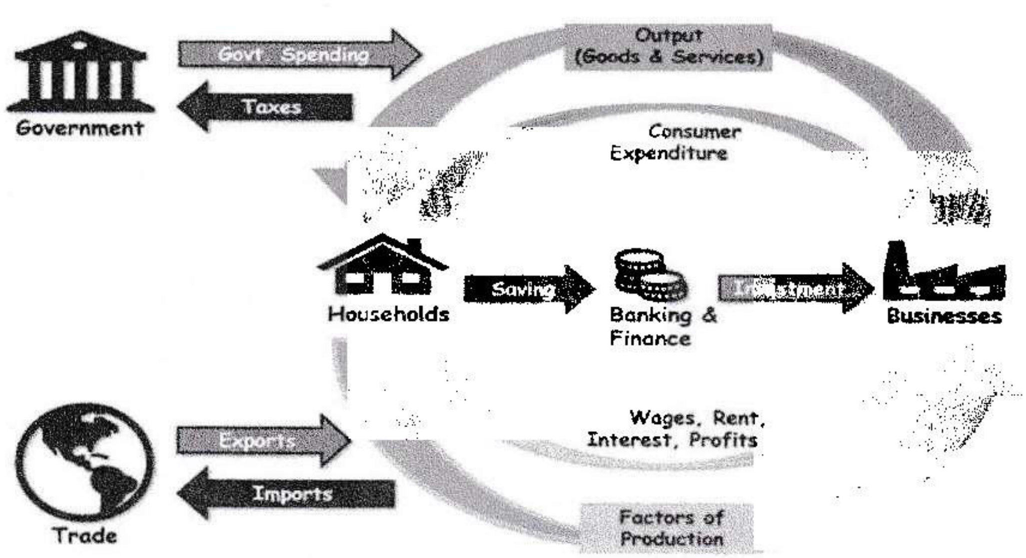
2.1 Answer the following questions.

2.1.1 Give TWO types of flows in a circular flow. (2 x 1) (2)

2.1.2 Why is it necessary to dampen an overheating economy? (1 x 2) (2)

2.2 Study the diagram below and answer the questions that follow.

MARKETS IN THE CIRCULAR FLOW



www.bing.co.za

2.2.1 Identify the remuneration for the use of capital as a factor of production. (1)

2.2.2 Name any ONE type of financial market. (1)

2.2.3 Briefly describe the term *circular flow*. (2)

2.2.4 Explain the importance of the foreign market in the economy. (2)

2.2.5 How can an increase in investments positively impact the economy? (2 x 2) (4)

2.3 Study the table below and answer the questions that follow.

BALANCE OF PAYMENTS (BOP) THE FINANCIAL ACOOUNT	
ITEM	**2024(R million)**
Net direct investment	-335
Net portfolio investment	1666
Net financial derivatives	-26
Net other investment	-1153
Reserve assets (SDR allowance)	-1508
Balance on financial account	-1660
Memo item: Balance on Financial Account ,excluding reserve assets	A

2.3.1 Identify the item that records transactions related to the sale of shares on an international stock exchange. (1)

2.3.2 Name the account in the balance of payments that records exports and imports of goods and services. (1)

2.3.3 Briefly describe the term *net financial derivatives*. (2)

2.3.4 Explain the purpose of Special Drawing Right (SDR) allowances in the balance of payments. (2)

2.3.5 Use the information in the table above to calculate the balance on financial account (A). Show ALL calculations (2 x 2) (4)

2.4 Briefly discuss *amplitude* and *length* as features underpinning forecasting. (4 x 2) (8)

2.5 Analyse the relationship between the financial sector and other participants in the circular flow model. (4 x 2) (8)

QUESTION 3: ECONOMIC PURSUITS **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.3.1 Name TWO indicators used to measure inflation rate. (2 x 1) (2)

3.3.2 How would reduced costs of doing business stimulate economic growth? (1 x 2) (2)

3.2 Study the extract below and answer the questions that follow.

THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

AGOA is a United States Trade Act, enacted on 18 May 2000. It builds on existing United States trade programmes by expanding the duty-free benefits to qualifying sub-Saharan African (SSA) countries. While the legislation significantly enhanced market access to the US for South Africa goods, it has come under threat as the United State has seen a change in trading policy as they seek to correct their balance of payments disequilibrium.

[Adapted from//agoa.info]

3.2.1 Identify a term in the extract that relates to the removal of import tariffs. (1)

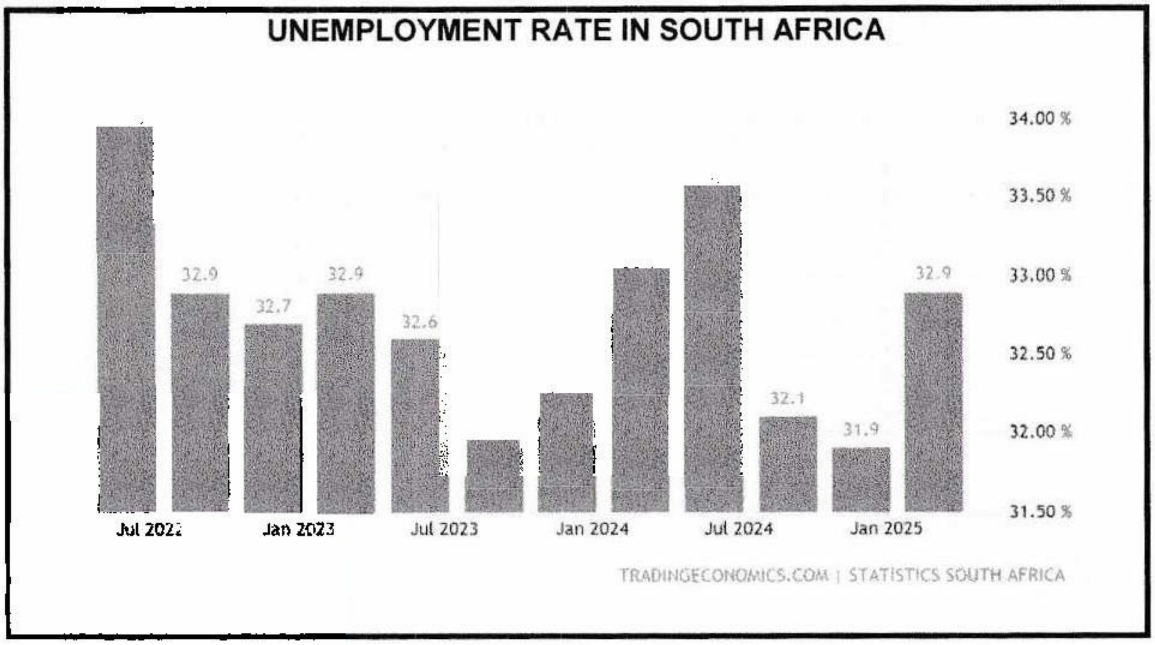
3.2.2 Name the organization that promotes reduction of all trade barriers. (1)

3.2.3 Briefly describe the term *protectionism*. (2)

3.2.4 Explain the negative impact of dumping on the South African economy (2)

3.2.5 How can South Africa benefit from export promotion? (2 x 2) (4)

3.3 Study the graph below and answer the questions that follow.



3.3.1 Identify the lowest unemployment rate on the graph above. (1)

3.3.2 Name ONE example of demographic indicator. (1)

3.3.3 Briefly describe the term *social indicator*. (2)

3.3.4 Explain the impact of remuneration per worker on the inflation rate. (2)

3.3.5 How can the South African government create sustainable employment opportunities? (2 x 2) (4)

3.4 Differentiate between *economic growth* and *economic development*. (4 x 2) (8)

3.5 How can South Africa discourage the import of goods from other countries? (4 x 2) (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS **MARKS – 30 MINUTES**

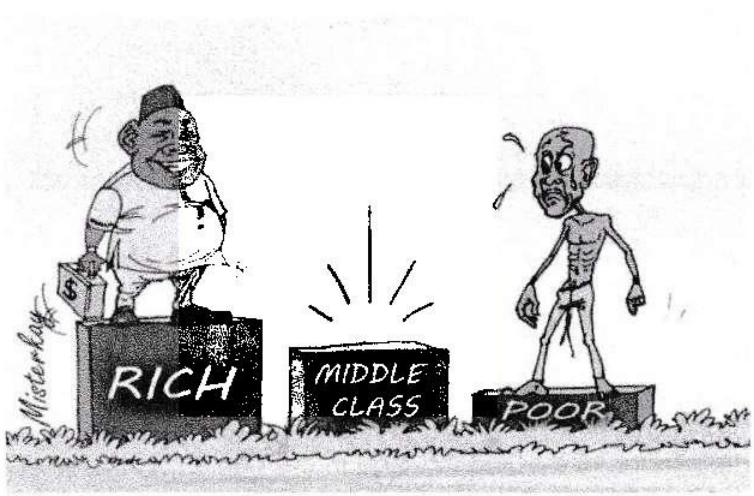
4.1 Answer the following questions.

4.1.1 Name any TWO industrial development policies. (1 x 2) (2)

4.1.2 How can interest rates be used to correct the balance of payments disequilibrium? (2 x 1) (2)

4.2 Study the extract below and answer the questions that follow.

THE DIFFERENCE BETWEEN THE RICH AND POOR



[Adapted from www.timeslive.co.za]

4.2.1 Identify the economic concept represented by the cartoon above. (1)

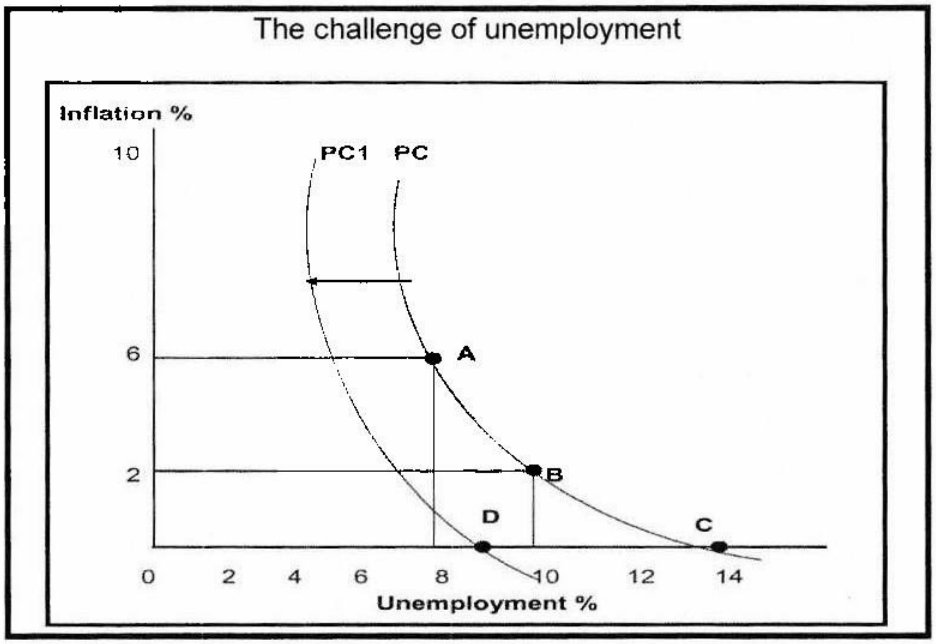
4.2.2 Name the policy that was aimed at creating 5million jobs by year 2020. (1)

4.2.3 Briefly describe the term *standard of living*. (2)

4.2.4 Explain life expectancy as a social indicator. (2)

4.2.4 How can the countries in the North divide contribute to poverty alleviation in countries in the South divide? (2 x 2) (4)

4.3 Study the following graph and answer the questions that follow:



4.3.1 Identify the natural rate of unemployment from the graph above. (1)

4.3.2 Name any ONE example of leading indicators. (1)

4.3.3 Briefly describe the term *Phillips curve.* (2)

4.3.4 Explain the importance of curbing inflation in the economy. (2)

4.3.5 How can improving the efficiency of key input decrease unemployment rate? (2 x 2) (4)

4.4 Briefly discuss *endogenous and exogenous factors* as causes of business cycles. (4 x 2) (8)

4.5 Why is productivity considered a key measure of economic performance? (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer any ONE of the TWO questions in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point would be to define the main concept related to the question topic. • Do NOT include any part of the question in your introduction. • Do NOT repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	Max. 2
Body **Main part:** Discuss in detail/ In-depth discussion/ Examine/ Critically discuss/ Compare/ Evaluate / Distinguish/ Differentiate/Explain/ Assess/ Debate/ Draw a graph and explain/ Use the graph given and explain/ Complete the given graph. **Additional part:** Give own opinion/Critically discuss/ Evaluate/ Critically evaluate/ Deduce/Compare/ Distinguish/ Interpret/ Briefly debate/ How/Suggest/ Analyse	Max. 26 Max. 10
Conclusion A higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgment on the facts discussed. • Additional support information to strengthen the discussion/ analysis. • A contradictory viewpoint with motivation, if required. • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5: MACROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail macroeconomic objectives of the state. (26 marks)
- Evaluate the success of government in achieving the socio-economic rights of citizens. (10 marks)

QUESTION 6: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail South Africa's initiatives (endeavors) in regional development. (26 marks)
- Evaluate the appropriateness of South African regional development policies in terms of international benchmark. (10 marks)

[40]

TOTAL SECTION C: 40

GRAND TOTAL: 150